



MULTI MANAGER TARGET RETURN FUND

QUARTER 1 (Q1) 2016: JANUARY TO MARCH

The Multi Manager Target Return Fund invests in a number of external funds managed by expert investment managers. The underlying funds invest in a wide range of assets, using a variety of investment strategies. This fund aims to achieve a gross return of 4% over cash, measured over a rolling four-year period. This is an Irish Life fund managed by Irish Life Investment Managers (ILIM).

1 UNIQUE MULTI MANAGER APPROACH:

- Accesses world class, diversified manager styles and skill sets
- Reduces single manager or single fund selection risk
- Our robust and flexible manager selection process seeks to maximise investment opportunities

2 CLEAR CASH + TARGET RETURN:

- Aims for a gross return of 4% per annum over cash* measured over a rolling 4-year period**
- Targets positive returns not directly linked to market ups and downs

3 BENEFIT OF TARGET RETURN FUNDS:

- Seeks equity-like returns with less volatility (volatility is potential ups and downs that a fund may experience over time)
- Diverse source of return which helps smooth the investment journey.

Warning: If you invest in this fund you may lose some or all of the money you invest.

Warning: The value of your investment may go down as well as up.

Warning: This fund may be affected by changes in currency exchange rates.

* 4% return over cash, where cash is measured by EONIA (Euro Over Night Index Average) which is the rate at which banks provide loans to each other with a duration of 1 day. 4% target is gross of fixed charges and net of external manager variable charges.

** This means that the return will be calculated as the average annual return achieved over the previous four years.

QUARTER 1 2016 ECONOMIC LOOK-BACK

By David Haslam

JANUARY JITTERS

2016 may be remembered for many reasons. Unfortunately, one of them will be the worst January for stock markets on record. Uncertainty over China, the December interest rate rise in the US and renewed concerns over global growth prospects all contributed to double digit losses across most share indices. February was not much better, but eventually the magnitude of the falls coupled with some silver linings brought buyers back and by the end of the quarter shares markets had recovered most of their losses. Bonds had a vastly contrasting experience, rising steadily over the quarter.



BROKEN CHINA

Once again China proved to be a driving force behind sharp market falls. Plans to remove trading bans for large shareholders of Chinese shares, coupled with the introduction of poorly designed controls resulted in significant selling pressure in Chinese shares from the first trading day of the year. This quickly spilled over into global share markets. Weakness in the Chinese currency also had investors prepared for a potential devaluation but it never came to pass. As the quarter progressed however, fears eased as economic data stabilised.

OIL SLICK

The price of oil was very volatile through the first quarter, finally ending up +6.2%. Early concerns centred on continued increases in production, rising inventory levels and Iran returning to international markets after international economic sanctions had been lifted. While lower oil prices are generally a positive and boost consumer spending power, there was a broader concern that the slowdown in global growth was a contributing factor to the weak price not to mention the potential impact of banks being exposed to a highly indebted, and now less profitable, oil sector.

CENTRAL BLANKS!?!

Questions were raised of the effectiveness of Central Bank communications and interventions in the markets. Investors were beginning to question what else they could do to address falling inflation and growth fears. However, more assertive and positive responses, most notably from the US Federal Reserve and European Central Bank (ECB) helped restore both credibility and confidence.

SHARES, BONDS, COMMODITIES AND CURRENCIES

Over the quarter the global shares fell 1.4% while Emerging Market shares rose 2.8% buoyed by more positive US Federal Reserve commentary. The US market rose 1% while the UK rose 0.2%. Japan however fell 12.5% impacted by disappointing economic releases. Meanwhile Eurozone >5 year bonds rose 5.4% as German 10-year yields fell to just 0.15% driven primarily by concerns over growth, low inflation and the ECB expanding their asset purchase programme. Over the quarter, the Euro rose against the US dollar from 108.6 to 1.14 and commodities rose 3.8% having been down 12.8% at one stage. Gold gained 16.4% benefitting from the general flight to safety.

Source: David Haslam, Head of Retail, Irish Life Investment Managers (ILIM), April 2016 with data sourced from Bloomberg.

QUARTER 1 2016 FUND UPDATE

By Peter Haran, Head of Alternative Strategies

Peter Haran was recently appointed to ILIM as Head of Alternative Investments. Peter joined from the National Treasury Management Agency (NTMA) where he was Head of Investment Strategy for the National Pensions Reserve Fund (NPRF) for the past seven years. As chair of the NPRF Investment Committee, Peter was responsible for identifying investment opportunities and proposing tactical asset allocation positions across all asset classes. Before joining the NTMA Peter was a fund manager at IIU Asset Strategies.

Peter has a degree in Applied Mathematical Sciences and a Masters in Computer Applications from Dublin City University.



This is the first quarterly report for the Multi Manager Target Return Fund. The fund was launched on the 23rd of January 2016. The purpose of this report is to keep you informed on how the fund is performing, what is driving this performance and to update you on any changes we may have made to the selection of external managers we invest in. We will continue to provide this information each quarter and hope you find the information useful.

FUND STRATEGIES

The Multi Manager Target Return Fund invests in a range of external funds managed by world class investment managers. We strongly believe that target return funds should be delivered in a manner that reduces fund selection and single manager risks, while benefiting from the increasing number and type of strategies available in the market place. This is achieved in the Multi Manager Target Return Fund by investing in a range of investment strategies through multiple external fund managers.

The selection process used to choose external managers and funds is robust and flexible, offering access to diversified manager styles and skill. We believe this process will deliver investors equity-like returns but with substantially less volatility than equities.

Performance of the underlying investment strategies, together with external manager performance are monitored by Irish Life's investment managers on an ongoing basis. Allocations to investment strategies and external managers can be changed if Irish Life's investment managers identify business risks or market concerns which they believe could negatively impact on the performance of the Multi Manager Target Return Fund.

No changes were made to the manager line up or to the investment allocations since launch but we will continue to monitor the current portfolio and likely prospects on an ongoing basis.

FUND STRUCTURE

The Multi Manager Target Return Fund consists of a mix of core and satellite fund strategies.

The "core" portion of the portfolio is invested primarily to provide exposure to more traditional asset types such as equities and bonds. By investing in a variety of different investment styles, the core strategy aims to deliver diverse market based returns with lower risk than broader equity markets.

The "satellite" portion is invested to provide diversification to these traditional asset types. Satellite strategies make up a smaller portion of the fund and seek to achieve higher returns through external manager skill rather than market performance alone.

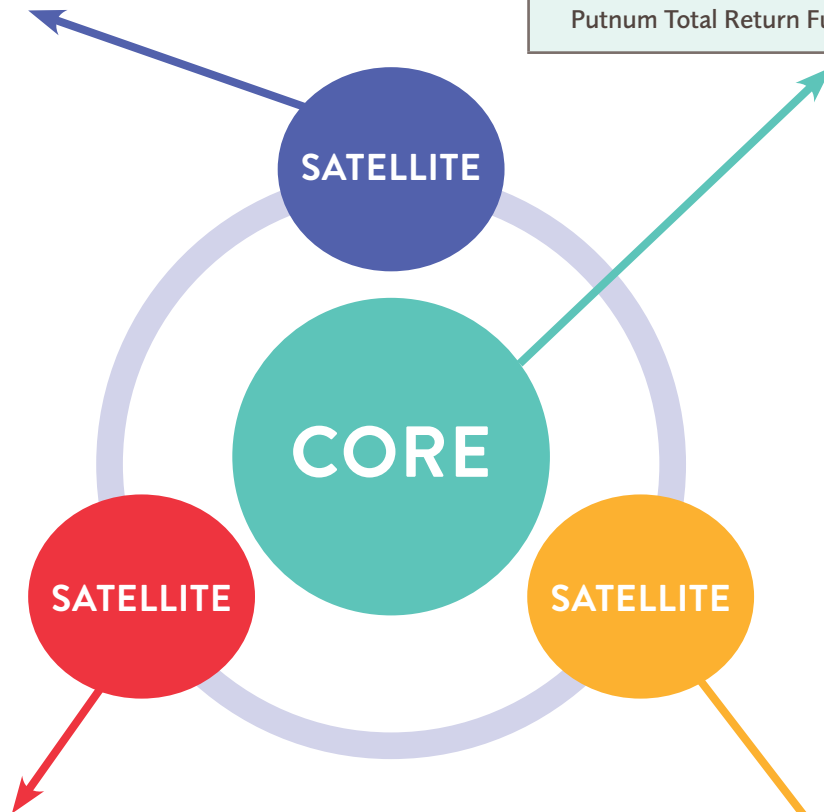
CORE AND SATELLITE STRATEGIES

Alternative Return Strategies

MANAGER	ASSETS*
JP Morgan Systematic Alpha Fund	\$1.7tn
AQR Style Premia Fund	\$136bn

Diversified Return Strategies

MANAGER	ASSETS*
GMO Real Return Fund	\$118bn
AQR Global Risk Parity Fund	\$136bn
Putnum Total Return Fund	\$156bn



Global Opportunity Strategies

MANAGER	ASSETS*
Montlake Dunn WMA Fund	\$1.1bn
Morgan Stanley Alpha Fund	\$2tn

Credit Strategies

MANAGER	ASSETS*
Blackrock FIGO Fund	\$4.7tn
PIMCO Income Fund	\$1.52tn

*Correct as at December 2015.

ALTERNATIVE RETURN STRATEGIES	These are non-traditional strategies relying on 'hedge fund' / skill based strategies.
DIVERSIFIED RETURN STRATEGIES	These strategies aim to deliver equity market type returns using different investment approaches.
GLOBAL OPPORTUNITIES STRATEGIES	These managers monitor themes or trends in markets and invest to take advantage of identified opportunities. Some are very short term, some are over longer periods.
CREDIT STRATEGIES	These strategies aim to generate return by investing in traditional and non-traditional types of credit such as corporate bonds and mortgage backed securities.

FUND SUMMARY

DIVERSIFIED RETURN STRATEGIES

GMO Real Return Fund	This is an actively managed portfolio of assets with GMO choosing these assets across different asset classes driven by their own internal models, which focus strongly on valuations.
AQR Global Risk Parity	This large, well-diversified fund chooses investments based on a risk-weighting approach and aims to provide higher risk-adjusted returns than traditional market exposures. The fund consists of over 50 underlying investments across three main asset categories.
Putnam Total Return Fund	This is an actively-managed fund which aims to deliver a similar return to a standard 60/40 (equities/cash) portfolio over time but with lower risk and volatility. The fund uses a risk-weighted allocation approach.

ALTERNATIVE RETURN STRATEGIES

AQR Style Premia	This fund aims to produce high, risk-adjusted returns while maintaining low-to zero correlation to traditional markets. This is achieved by constructing a global diversified, absolute return portfolio with exposure to a number of investment styles.
JP Morgan Systematic Alpha	This fund consists of a global portfolio of investments and aims to provide a total return in excess of its cash benchmark by implementing strategies similar to those employed by hedge funds using liquid instruments.

CREDIT STRATEGIES

BLACKROCK FIGO	This fund is a global fixed interest fund that aims to generate returns from long and short exposures in credit markets. Typically, the fund may have exposure to many non-traditional credit risks such as mortgage-backed securities and emerging market debt which helps diversify the more traditional fixed interest investment exposures found in multi-asset funds.
PIMCO Income	This fund seeks to generate a competitive monthly dividend while also maintaining a focus on a long term return. The fund aims to achieve this by employing PIMCO's best income generating ideas across global fixed income sectors with an explicit mandate on risk-factor diversification.

GLOBAL OPPORTUNITIES STRATEGIES

Montlake Dunn WMA	This fund focusses on medium to long-term investment trends. It takes long and short positions in financial, energy, metal and agricultural futures markets. This fund aims to generate profits from investments with a very low correlation to traditional asset classes.
Morgan Stanley Diversified Alpha	This fund aims to give a net 10% annual return over a market cycle, with lower than equity market volatility. This is achieved by identifying several, multi-year investment trends (for example China weakening, a European recovery and US rates rising sooner than the market expects) and investing in asset classes that will benefit accordingly. All positions and themes are actively reviewed and managed.



The funds that the Multi Manger Target Return Fund invests in may change over time. For the actual Multi Manager Target Return Fund mix, see the latest factsheet at www.irishlife.ie

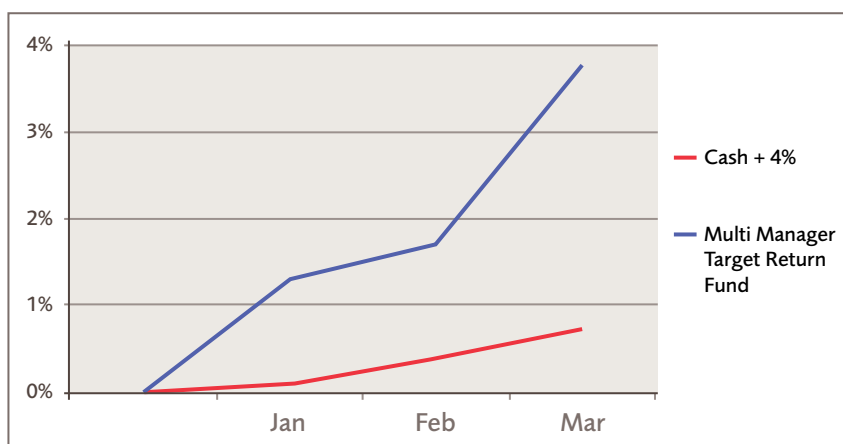
PERFORMANCE

Market Volatility

The year began with a period of heightened volatility as stock markets reacted to weak manufacturing data and a stock sell-off in China. Investors were fearful of a Chinese economic slowdown and the effects of this around the world. The U.S. market, as measured by the S&P 500 Index, was down -5% for January, in one of its worst ever starts to a calendar year.

PERFORMANCE AGAINST CASH PLUS 4% BENCHMARK

The Multi Manager Target Return Fund performed well during the period since launch as the fund's skill-based managers generated strong returns. As market conditions improved later in the quarter, diversified return strategies performed well due to their higher exposures to risk assets such as equities and bonds.

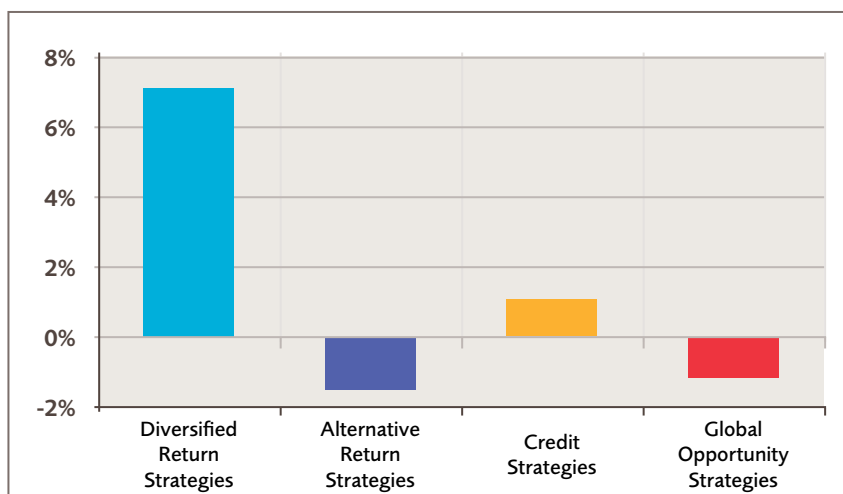


Source: Irish Life Investment Managers (ILIM).
Returns show to 31 March 2016.

PERFORMANCE BY STRATEGY

The Credit portion of the portfolio was also up over the quarter. Blackrock FIGO and PIMCO Income benefited from good returns in high-yield and investment grade credit, as well as some elements of emerging market debt (such as Russia) held in their portfolios.

Alternative Returns, which replicate hedge fund type strategies, have seen mixed results since launch. This is not surprising as the broader hedge fund universe endured a difficult period. AQR Style Premia saw losses under its trend following strategy in particular.



Source: Irish Life Investment Managers (ILIM).
Returns show fund launch date to 31 March 2016.

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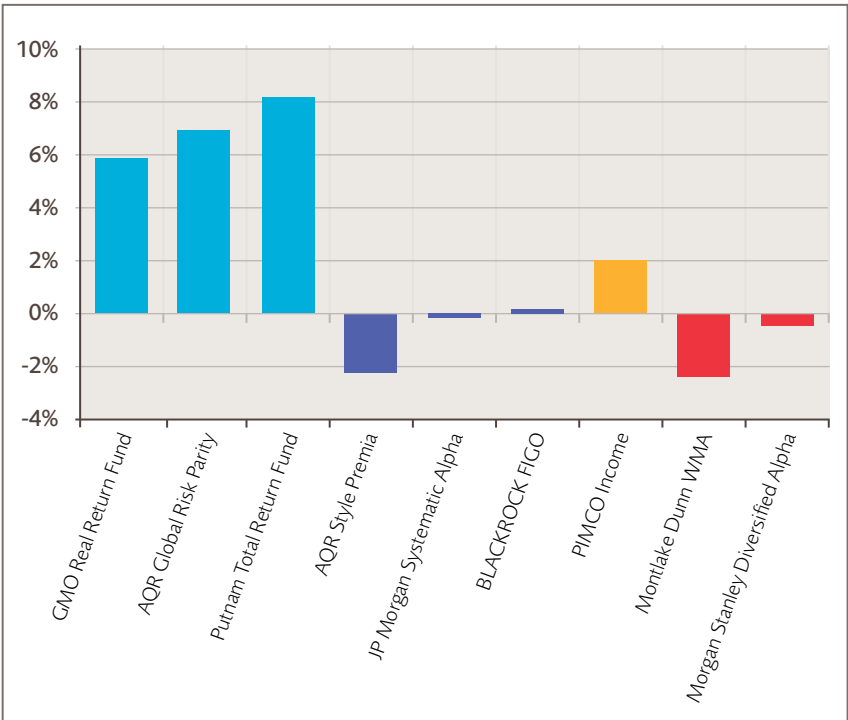
Warning: Past performance is not a reliable guide to future performance.

PERFORMANCE CONTINUED...

PERFORMANCE BY FUND

GMO Real Return Fund, AQR Global Risk Parity and Putnam Total Return Fund all contributed positively. The Putnam fund alone was up over 8% in that timeframe benefitting from the improving economic sentiment as the quarter progressed.

No changes were made to the manager line up since launch but we continue to monitor the current portfolio and likely prospects on an ongoing basis.



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ILIM'S CREDENTIALS

About Irish Life's investment managers

Our investment managers are internationally recognised for their expertise, innovation and track record and are multi award winners:



2014 European Pension Award Winners -

- Best Equity and
- Best Passive Manager Awards.

The only Irish investment manager to win an award and the only manager in Europe to win 2 awards.



2014 Irish Pension Awards

- Alternatives Investment Manager of the Year.

2015 Irish Pension Awards

- Investment Manager of the Year.



Our investment managers take care of over

€50 BILLION.

For more details please see www.irishlife.ie/investments or contact your financial broker or financial adviser.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.
Irish Life Assurance plc is regulated by the Central Bank of Ireland.